



Bradwood Landing affirms accuracy of project description; a supplemental draft Environmental Impact Statement (dEIS) not needed

Comprehensive rebuttal to recent Oregon Department of Energy Report also submitted; LNG benefits to Pacific Northwest explained in detail.

PORTLAND – In a letter filed late yesterday with the Federal Energy Regulatory Commission (FERC), Bradwood Landing, LLC affirmed the accuracy of its application filing and called on the agency to reject Oregon’s request for a supplemental draft environmental impact statement (dEIS) for the proposed Bradwood Landing liquefied natural gas import terminal. A final EIS is expected to be issued in the near future. The State had alleged that the project description for the terminal had significantly changed. Also, as part of its submission to FERC, NorthernStar included a rebuttal to the Oregon Department of Energy’s May 7 report on natural gas and LNG. Bradwood’s detailed response summarized the benefits of LNG and provided updated information on natural gas markets.

“The State has a responsibility to ensure Oregon’s energy needs are met in the most environmentally and economically sound way,” said NorthernStar Natural Gas Senior Vice President for External Relations Joe Desmond. “Unfortunately, it appears the State based its claims largely on the false assertions contained in a letter submitted to FERC by an opponent group, many of which appear to have been adopted by the State without independent review.”

Desmond said the issues raised do not constitute reasons to reissue the dEIS because: a) the State’s concerns that the project has changed substantially are based upon incorrect information about the project as proposed; b) Bradwood has provided information only in accordance with Commission procedures, none of which is “significant new information,” and no significant new information was contained in the ODOE Report; and c) under the applicable law and regulations, the State has not demonstrated that a supplemental dEIS is required.

In its response, Bradwood addressed the objections raised by the State in its May 9 letter in detail:

No changes have been proposed with respect to unscreened water intakes. Contrary to the State’s assertion, there has been no change with respect to screen design of the water intakes. The proposal has been, and continues to be, to construct an on-site water system and to negotiate with LNG shippers to fit their vessels with the equipment necessary to allow LNG carriers use of the on-site water system. A performance standard has been added to provide an additional layer of protection for fish, by limiting impacts for those LNG carriers unable to connect to the on-site water system.

The pipeline remains within the study corridor approved by FERC. Small changes to the pipeline route were made in response to specific landowner concerns prior to publishing the dEIS; however, the pipeline route has not changed and remains within the original pipeline study corridor as submitted in the dEIS. Any future change would require a new filing to be reviewed and approved by the permitting agencies.

Exploring the placement of dredge material is not a substantial change that warrants a supplemental dEIS. At the request of reviewing agencies, Bradwood explored several alternatives for the placement of dredge material at beneficial sites for river replenishment. Furthermore, not only was the dredge issue already raised and addressed in the dEIS, the public has already supplied extensive comments on the issue, which was also discussed at length before both the Clatsop County Planning Commission in the summer of 2007 and the Clatsop County Board of Commissioners in the fall of 2007.

Bradwood Landing has not altered its regasification plans. As required by the FERC process, the company considered alternative technology options for the project. However, the regasification technology remains as described in the dEIS. Simply evaluating alternatives does not constitute a change in the project design.

Regarding the Oregon Department of Energy's report on LNG released earlier this month, Bradwood completed a thorough review of the report and also submitted today to FERC its rebuttal of the report's conclusions.

"The Department of Energy's report was correct in identifying the many factors driving Oregon's need for additional supplies of natural gas. However, some of its conclusions regarding LNG and natural gas pricing, greenhouse gas emissions and the natural gas market are not supportable," said Desmond. "The Department's report was a snapshot in time, and there are limitations to the type of conclusions that can be drawn from such an analysis. In fact, NW Natural's recent filing at the Oregon Public Utility Commission concluded that there would be substantial cost savings to Oregon consumers and businesses through lower pipeline transportation costs associated with the delivery of LNG from Bradwood Landing versus alternative sources of natural gas."

Specifically:

- The report failed to accurately represent current and forecasted market conditions regarding availability of supply, projected demand, and key industry trends;
- Recent market developments since the preparation of the report regarding domestic pipelines call into question key assumptions regarding the expected timing and availability of domestic pipelines to serve the growing needs of the Pacific Northwest;
- There were fundamental flaws in the economic analysis that confused the cost of LNG with the price at which natural gas is sold in local markets;
- The report relied upon a widely discredited study related to lifecycle greenhouse gas emissions to justify concerns regarding CO2 emissions;
- The report failed to consider the actual emissions of the Bradwood Landing project relative to statewide emissions (Bradwood's greenhouse gas emissions will be less than one half of one percent of Oregon's annual statewide emissions);
- The report failed to apply a consistent methodology for comparing lifecycle emissions between projects, and, in general, did not accurately represent the legal obligation of any LNG project to comply with existing Oregon climate change statutes; and
- In certain cases, other conclusions reflect a misunderstanding of gas market operations.

"Given these concerns, we believe a revision to the report is needed and would serve the public interest," said Desmond. "In the meantime, we continue to work closely with the State agencies to ensure their questions are addressed."

On March 20, the Clatsop County Board of Commissioners approved Bradwood's consolidated land use application after a nine-month public process. The LNG terminal would provide a new source of natural gas directly into the Oregon and Washington natural gas market. It would create more than 450 jobs over three years of construction and 65 permanent jobs while contributing more than \$7.8 million annually in taxes to Clatsop County.

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